

**MINUTES OF THE REGULAR MEETING OF THE
WASHINGTON STATE TRANSPORTATION COMMISSION
December 15 & 16, 2009**

The regular meeting of the Washington State Transportation Commission was called to order at 9:00 A.M., on December 15, 2009, in Room 1D2 of the Transportation Building in Olympia, Washington.

Commissioners present at the meeting were: Bob Distler, Dick Ford, Latisha Hill, Dan O'Neal and Philip Parker.

MINUTES ADOPTION

It was moved by Commissioner Ford and seconded Commissioner Parker to approve the meeting minutes as amended from September 22, 2009, October 20 & 21, 2009 and November 17, 2009. The motion passed unanimously.

**OVERVIEW OF JOINT TRANSPORTATION COMMITTEE STUDY:
IMPLEMENTING ALTERNATIVE TRANSPORTATION FUNDING METHODS**

Kathy Scanlan, Managing Partner, Cedar River Group, explained that there appears to be about \$1.7 billion less in 2010-30 time period than projected in the 2007 forecast. How is transportation addressing declining revenue, due to fuel efficiency and VMT reduction? Is VMT a good proxy for transportation contribution to GHG emissions?

The study did not take into account VMT reduction goals of 18% by 2020; 50% by 2050.

Look at the impact on vehicle owner—ability to pay. Vehicle owner costs:

- Owners will pay less in 2025 than in 2009 (fleet fuel efficiency)
- Owners will pay even less in purchasing power
- Revenue if purchasing power remained the same -- \$10 billion more over 16 year period.

There are a lot of assumptions and moving parts affecting these forecasts and projections.

Draft Recommendations:

1. Provide funding (estimated \$38 million) for DOL to upgrade computer systems, consider building costs into fee structure.
2. Consider costs and benefits of allowing vehicle owners to make periodic rather than lump sum vehicle fee payments.
3. Index fuel taxes and motorist fees:
 - Base on CPI
 - Annual
 - Round fees to nearest dollar
 - Establish a base or floor
 - Provide agencies authority to index (to comply with Initiative 960) .
4. Review fees, licenses and permits to determine:
 - When rates were last adjusted

- What inflation adjusted 2012 rate would be
- Any discretionary restrictions.

State Funding Methods Recommended (2010 – 2027):

Medium Term:

1. Maintain viability of licensing and permit fee revenues.
2. Maintain short and medium term viability of fuel tax.
 - Index
 - Adjust or include special assessment to account for fuel efficiency
3. Adopt in-lieu of fuel tax fees for electric and other high mileage cars
4. Extend tolling applications.
5. Secure WSF capital funding.
6. Review AMTRAK Cascades Service Funding:
 - improve farebox recovery
 - consider capital surcharge
7. Revise WSDOT Access Management program:
 - increase and index fee
 - broaden program to require mitigation.

Longer Term Issues:

Address faster fuel tax erosion with:

- Increased reliance on vehicle fees
- Increased transportation sales and use tax

Mobility:

- Expand uses of toll revenue

VMT fee – await federal action:

- Special assessment fee better than extending sales and use tax to MVF.

Looked at why local options not used and recommended additional local revenue options for cities, counties and transit.

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP02A_AlternTranspFunding.pdf

NOVEMBER TRANSPORTATION REVENUE FORECAST

Doug Vaughn, Director, Budget & Financial Analysis, Strategic Planning and Finance Division and Lizbeth Martin-Mahar, Assistant Director, Economic analysis, Budget and Financial Analysis, Strategic Planning and Finance Division, WSDOT, provided an overview of the November Transportation Revenue Forecast.

There was a moderate adjustment from the September forecast. Down about 1% in current biennium. Taking into account inflation it's slightly under the forecast.

WSDOT 2009 CONGESTION REPORT

Daniela Bremmer, Director, Strategic Assessment, Strategic Planning and Programming, WSDOT and Mark Hallenbeck, Director, TRAC, University of Washington, provided highlights of the WSDOT 2009 Congestion Report

There is less congestion due to economic downturn, higher fuel prices and completion of congestion relief projects.

HOV Lanes provide much better reliability and high ridership; this analysis doesn't even capture the riders on Microsoft Connector. On the SR 167 HOT lanes the time savings is 5 minutes in morning; 9 minutes in the evening.

95th percentile is the reliability measure used nationally.

The benefits of left hand HOV exits:

- eliminates weaving
- improves transit travel and GP travel
- reduces collisions.

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP04A.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP04B.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP04C.pdf

20-YEARS OF GMA: TRANSPORTATION, LAND USE AND CONCURRENCY

Mr. Hallenbeck explained that concurrency has been a benefit; how it works can be improved.

Currently, GMA regulations are very flexible and locally focused. Highways of statewide significance are exempted. We continue to permit growth; continue to underfund transportation; we have poorly operating regional transportation systems that spillover into local systems.

Most jurisdictions use roadway performance to measure concurrency. It works well in rural areas and lightly developed ex-urban areas, but doesn't work well in urban areas.

There is disconnect between who gains and who pays for development:

- local interests approve development at expense of regional transportation impacts.
- regional impacts overwhelm local plans.

Gaps in planning and certification process:

- local development not well integrated with financially constrained regional plans.
- transit plans not directly coordinated with development plans.
- significant issues with access management.

Conclusions:

- GMA has not fundamentally changed the economics of sprawl.
- You pay “less” and get “more” by moving out.
- Higher transportation costs paid by “other people.”

If you create a funding source (tolls) you can use those dollars to do “other things” you want to do, encourage people to work together. Changing demographics will create new demand for accessible, walkable communities.

Roberta Lewandowski, Board Secretary, Futurewise, noted that GMA required some consistency between land use and capital facilities. Capital planning and concurrency had not been done before.

GMA concurrency doesn’t say “roads or intersections.” In Redmond, we tied everything in transportation concurrency to housing initially – we changed that eventually.

PSRC plan has only a 20% funding gap -- less than it would have been without GMA.

Richard Settle, Professor of Law, Seattle University, noted that we don’t need an exemption from concurrency – just need to agree on what to measure.

Recommendations:

1. Can’t set state standards on concurrency; require regions to set standards (e.g. mode split, VMT reduction). 50% of state growth going to Puget Sound; another 40% to Vancouver, Olympia, Spokane, Bellingham and Tri-Cities.
2. Use intelligent transportation systems, ramp meters and synchronized signalization to manage traffic flow. ITS (and tolls) is as important as adding lanes.
3. Use state funding to encourage responsible growth, e.g., walkable communities. Locals cannot have a reasonable view of statewide freight issues. State guidance is very important.
4. People in the Puget Sound area are ready for price signals. Unhappy that Governor vetoed local option transit tax.

The Transportation Commission should conduct a study of concurrency and GMA; GMA is second best in country, after Oregon’s approach.

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP05_GMA_MEH_121109.pdf

PUGET SOUND REGIONAL COUNCIL’S “TRANSPORTATION 2040” REGIONAL PLAN

Charlie Howard, Transportation Planning Director, Puget Sound Regional Council, provided an overview of the Plan.

PSRC connects land use, transportation and economic development with Vision 2030 and the 2040 Transportation Plan. PSRC has addressed land use and transportation aspects of the region's military presence by viewing it as a distinct economic cluster.

The PSRC Transportation Planning Board has sent a preferred alternative Regional Transportation Plan (Plan) to the PSRC Executive Board for a December 3 vote. The Plan contains strategies to address three major themes:

- Congestion and mobility.
- Climate Change.
- Transportation funding.

The Plan expects a lot of GHG reduction from emerging vehicle technology. It also expects land use changes and an improved jobs/housing balance to cut GHG by 6 - 9%.

About \$110 billion of Plan expenditures invest in maintenance and operations of the existing system. Implementation of the Plan strategies will require \$65 billion in new revenue over the life of the Plan; although a large number, this is less than the current regional per capita public expenditure for transportation. The Plan anticipates \$15 billion of new money in each of the first two decades and an additional \$35 billion in the 2030 - 2040 decade. Probably need to swap in VMT tax for fuel tax; penny per mile in 2020; 2 cents per mile in 2030. This is as a long-term transitional strategy.

Unfunded issues:

- We've put a "significant footnote" in our plan that a large WFS need is unfunded. We assume no additional boats, except for passenger ferry service.
- We need to look beyond LATS at airport capacity for 2040.
- Just about all the roadway capacity expansion is funded through tolls.

Draft Plan document will be out for review in mid-January; final Plan in March.

He emphasized that PSRC can't do this by itself; it needs to be done jointly with the state.

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP06A.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP06.pdf

COMMISSION BUSINESS

The Commission discussed the Executive Summary and the Recommendations in the Annual Report and directed staff to make several changes. A Final Draft will be sent to Commissioners on January 11.

Meetings were added to the Commission calendar to discuss Ferry Tariffs on June 23, 2010 in Olympia.

A Tolling Subcommittee was created: Bob Distler, Dick Ford, Philip Parker.

WSDOT FREIGHT PLAN

Scott Witt, Co-Director, State Rail & Marine Office, WSDOT, indicated that the state Freight Rail Plan was developed with broad stakeholder involvement. There is no national rail plan yet – one is required by the Passenger Rail Investment and Improvement Act of 2008. Federal Rail Administration wants to develop it building on good state efforts and practices.

Washington State Freight Rail growth is larger than national average. Future growth projections based on Commission's Freight Rail capacity study and Marine Port Cargo Forecast. Future growth is anticipated to be slower than recent past; some concern that forecast may underestimate capacity need; Mr. Witt has asked for resources to update projections every two years. Needs assessment projects out to 2030, totaling \$1.8 billion statewide.

The long-range plan anticipates track separation for high-speed rail. Cannot currently run above 79 mph, but we can reach 90 mph in some places with improvements. BNSF will not allow passenger trains to run faster on their rail.

Not much discussion of East-West passenger service. Icicle Station at Leavenworth is doing well. Honestly, it's all about farebox recovery, which is up to 54% for state-run Amtrak Cascades.

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP08_WSDOTFreightPlan.pdf

TOLLING WORKSESSION

Tacoma Narrows Bridge 2010 Rate Recommendations

Alan Weaver, Chair, Tacoma Narrows Bridge Citizen Advisory Committee

Concerns and Problems:

- Timing of recommendation.
- Changed membership.
- Legal question regarding repayment of \$5.28 million loan.
- Treasurer's letter regarding coverage ratio and reserves.
- Fixed dollar amount for cash payers (coinage costs about 25% more time/longer lines).

CAC Guiding Principles – not prioritized:

- Keep tolls as low as possible.
- Keep it simple.
- Keep differential between cash and ETC greater than collection costs (about 60 cents).
- Assure that heaviest users get the best break.

The CAC recommends for the fiscal year ending June 2011 the tolls be retained at \$2.75 for ETC and increased to \$5.00 for cash.

The Commission discussed equity concerns and different cash toll amounts on different days of the week, such as \$5 on Sunday and Monday, \$4 all other days.

Commission Action:

Commission must hone in on a toll rate proposal; if different from CAC, send it back to them for further consideration and comment. Any other scenarios desired should be sent to Reema Griffith by December 25, 2009.

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP09A_TNB_CAC_Pres.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP09Bi_ScenariosEindingFundBalanceChart.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP09Bi_ScenariosEindingFundBalanceChart.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP09Biii_TNB_FP_A.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP09Biv_TNB_FP_J.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP09Bv_ModeledTollRatesChart.pdf

Recommendations on Toll Revenue Reserves

Jim McIntire, State Treasurer, State Treasurer's Office, explained that we share citizens concerns about keeping tolls as low as possible – and prudent. We need to have a reserve. We will be selling bonds for another project this summer and we will be asked about our experience with TNB; eventually we may be able to issue toll revenue bonds, which will be good for the state.

SR 520 Bond sale will be a story-telling process; we want to demonstrate a reasonable coverage ratio.

- New coverage amount
- New way to calculate. Gross expenses – major repair/preservation and transfers.
- And, 100% coverage on all expenditures

Ellen Evans, Deputy Treasurer, State Treasurer's Office and Jo Mortensen, Financial Consultant, Public Resources Advisory Group, noted that:

We need to demonstrate that our toll facilities are and can be self-supporting:

- Coverage 1.75 – 2.00 x
- And reserves for toll revenues 5-10%
- O & M reserve 5% of O & M
- Renewal and replacement reserve

SR 520 Bridge Financing

- Tolls to be pledged, alone or with GO/MVFT pledge
- Financial analysis assumes 1.25 coverage

TNB Financing Assumptions

- Tolls not pledged
- Net revenues “sufficient”
- 2007 scenario assumed coverage of 107%
- No reserve requirement

Current toll revenues are below 2002 Financial Plan projections. Coverage now at 101%. Operating fund balances are growing to \$12.3 million.

What is self-supporting?

- Median debt service coverage 2.36x
- Average cash on hand: 579 days

TNB financing infrastructure with GO bonds is very unusual. A self-supporting toll facility needs annual coverage of 110% on all expenses except major repair and preservation, transfers to other state accounts.

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP09C_EllenTranspoPres.pdf

SR 520 Toll Setting

Craig Stone, Director, Toll Division, WSDOT and Jennifer Ziegler, Director, Government Relations, Toll Division, WSDOT, discussed finances; needs and timing for the SR 520 project.

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP09B_SR520_TolIRateSettingProcess.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP09D_TollPoliciesDraft.pdf

WSF FERRY FUEL SURCHARGE BUSINESS PLAN & UPDATE ON CREATING A FERRY FARE ADVISORY COMMITTEE

Discussion of proposal for Ferry Advisory Committee – Tariff (FACT) to advise on fare levels, fare distribution, and overall fare structure, including pricing strategies, discounts and exemptions. Alan Mendel, Co-Chair, Ferry Advisory Committee Executive Council, reported that the FAC supports this proposal; FAC members don’t feel qualified to evaluate costs/operations.

Commission Action:

Commission accepted the proposal as a joint effort of Commission and WSF and directs staff to work with WSDOT to implement and support the FAC. Representative Seaquist said he will defer action on it.

It was moved by Commissioner Distler and seconded by Commissioner Hill directing Commission staff and WSF/WSDOT jointly to move forward with the implementation of the Ferry Advisory Committee. The motion passed unanimously.

Ferry Fuel Surcharge Business Plan

Ray Deardorf, Finance & Planning Director, WSF

Jean Baker, Deputy Chief, Administration and Finance, WSF

Michael Hodgins, Principal, Berk & Associates

WSF Fuel Price Mitigation Approach

- Market exposure risks. Developing a price hedging policy that may include using a fuel forecast based on multiple forecasts.
- Conservation. Looking at ways to operate using fewer engines, alternate tie-up method, slower running speed, better loading and unloading times.
- Fuel surcharge. WSF proposes a monthly index tied to a base price of fuel, imposed automatically based on a formula adopted by the Commission and codified in WAC. Proposes to cap surcharge at 20% of tariffs. Surcharge would apply to all fare categories and round to the nearest nickel.

Commission Action:

It was moved by Commissioner O'Neal and seconded by Commissioner Ford to adopt the WSF/Transportation Commission Fuel Surcharge Report. The motion passed unanimously.

It was moved by Commissioner Parker and seconded by Commissioner Ford to adopt the surcharge methodology and authorize staff to file the CR 101. The motion passed unanimously.

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP10_WSFFuelsurcharge.pdf

WSDOT SCENIC AND RECREATIONAL HIGHWAY PLAN

Paula Reeves, Transportation Planning Specialist, WSDOT and Aaron Butters, Highways and Local Programs, WSDOT.

First, map the current system. Then, review existing byways and scenic highways.

- What is goal of scenic and recreational highway system
- What should priorities be?
- How do we discuss needs on the system?
- How should performance be measured?

There are 23 Corridor Management Plans in existence but there is no regulatory role. We are developing a stewardship index to build on existing corridors based on visual assessment.

Since 1992, state has received about \$19 million federal and additional state and local funds.

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Dec15/20091215_BP11_ScenicRecHwyPlan.pdf

SECRETARY'S REPORT

Paula Hammond, Secretary, WSDOT, shared the good news that about 3 weeks ago, Tacoma City Council agreed to take ownership of the Murray Morgan Bridge. They will get about \$37 million the Legislature set aside for repair/reconstruction.

Working nationally on climate change, reauthorization and performance measurement. Washington State cleaned up in awards at AASHTO.

Refining alignments and doing toll analysis for Alaskan Way Viaduct. Awaiting outcome of Supreme Court case regarding I-90 valuation for center lane lease-transfer to Sound Transit.

Working to prepare for a possible stimulus II. ITS projects good candidates; concrete updates.

Only 4% of the recovery funds went for capital investments, but that money accounts for 25% of the jobs. Secretary Hammond would like to bring local panel back together and work with RTPOs and MPOs in distributing any further recovery money.

GMAP AND TRANSPORTATION

Jill Satran, Director of Accountability and Performance, briefed the Commission on the GMAP process.

Commission Action:

The Commission wants WTP to link with GMAP.

If you would like additional detail on what occurred at any Commission meeting in Olympia, please refer to our web site at www.wstc.wa.gov and click on the link titled "Meeting Audio on TVW" under the 2009 Olympia Meetings section of the home page. There you will be able to access the full audio recording of the meeting. If you have questions please contact our office at 360-705-7070.

WASHINGTON STATE TRANSPORTATION COMMISSION

ABSENT

CAROL MOSER, Chair

ROBERT S. DISTLER, Vice-Chair

PHILIP A. PARKER, Member

DAN O'NEAL, Member

DICK FORD, Member

ABSENT
ELMIRA FORNER, Member

LATISHA HILL, Member

PAULA HAMMOND, Ex-Officio Member
Secretary of Transportation

TERESA BERNTSEN, Governor's Office

ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL